

HOUSE JOINT RESOLUTION NO. 34

INTRODUCED BY D. HAINES

BY REQUEST OF THE HOUSE APPROPRIATIONS STANDING COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA DIRECTING THE DEPARTMENT OF ADMINISTRATION TO CONDUCT AN ANALYSIS AND PROPOSE METHODS OF FUNDING THE UNFUNDED LEAVE LIABILITY OF STATE EMPLOYEES; AND DIRECTING THE DEPARTMENT TO SUBMIT ITS PROPOSALS TO THE LEGISLATIVE AUDIT COMMITTEE BY JULY 1, 2002.

WHEREAS, Title 2, chapter 18, part 6, MCA, provides that state employees are entitled to earn vacation and sick leave and may accrue up to two times their annual vacation leave and accrue unlimited sick leave; and

WHEREAS, upon termination state employees are entitled to cash compensation for all unused vacation leave and 25% of unused sick leave; and

WHEREAS, the liability for unused vacation and sick leave is not currently funded and must be paid from each agency's current operating budget at the time of termination; and

WHEREAS, the unfunded liability on June 30, 1999, was approximately \$51 million for general government funds and \$25 million for higher education funds; and

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued GASB 34, which will affect the financial reporting for the state beginning June 30, 2001, in part by requiring the reporting of the amount of compensated absence liability in governmental funds, which will have a significant impact on fund balance; and

WHEREAS, the federal Office of Management and Budget (OMB) has stated in OMB circular A-87 that the federal government will no longer allow agencies to pay leave termination costs with federal funds if the obligation to pay those costs was not incurred while working on a federal program, which means that the costs will have to be paid with state funds.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

1 That the Department of Administration conduct an analysis of the issues involved in the funding
2 of past and future accrued vacation and sick leave benefits for state employees.

3 BE IT FURTHER RESOLVED, that:

(1) the analysis include, but not be limited to, methods of creating a funded statewide leave pool, with acceptable methods of amortizing the current unfunded leave liability, that comply with GASB 34 and OMB Circular A-87 requirements;

(2) the Department of Administration work with the Legislative Audit Division to ensure compliance with GASB reporting requirements and OMB eligibility requirements; and

9 (3) the Department of Administration submit a detailed, written report of its findings, conclusions,
10 and recommendations, including the positives and negatives of alternatives reviewed or recommended,
11 to the Legislative Audit Committee by July 1, 2002.

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